

**APPENDIX TO CCC-601, NOTE AND SECURITY AGREEMENT TERMS  
AND CONDITIONS FOR OUTSIDE STORAGE OF ELS COTTON**

**NOTE:** The primary authority for requesting and safeguarding the information described on this form is the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246 and any amendments to such act as may follow). The information will be used to complete the terms of an agreement between the warehouse operator and CCC. Furnishing the requested information is voluntary, however, without it, eligibility to enter into an agreement with CCC cannot be determined. Failure to furnish the requested information will result in a determination of ineligibility for certain program benefits and other financial assistance administered by USDA. This information collected as a result of this form may be released to USDA employees, USDA contractors, or authorized USDA cooperators who are bound to safeguard the information under Section 1619 of the Food, Conservation, and Energy Act of 2008, the Privacy Act of 1974, the E-Government Act of 2002, and related authorities.

This information collection is exempted from the Paperwork Reduction Act, as it is required for administration of the Food, Conservation, and Energy Act of 2008 (see Pub. L. 110-246, Title I, Subtitle F - Administration). The provisions of criminal and civil fraud, privacy and other statutes may be applicable to the information provided. **RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.**

**PART A – TERMS AND CONDITIONS**

A producer submitting cotton to the Commodity Credit Corporation (CCC) as collateral for a marketing assistance loan may store such collateral outside subject to the following terms and conditions:

- (1) **Collateral Identification.** The producer must identify all outside-stored cotton loan collateral by providing CCC, for each individual bale, the gin code number (5-digit number) and gin bale number (gin-assigned 7-digit number) as presented to the Agricultural Marketing Service (AMS) for classification services, and the bale net weight.
- (2) **Collateral Location.** The producer must provide CCC the address, and any additional storage location information sufficient to enable a CCC representative to locate the cotton.
- (3) **Classification Information for Forfeited ELS Cotton.** The producer is responsible to provide, within 30 days after the date of delivery of the cotton into a warehouse designated by CCC, AMS classification information, based on bale samples collected by an AMS-approved sampler.
- (4) **Settlement.** Notwithstanding provisions of paragraph 9(c) of the Note and Security Agreement Terms and Condition (form CCC-601), if the producer elects to forfeit outside-stored loan collateral in satisfaction of the amount due: (i) the value of the collateral for purposes of settlement will be determined using the applicable schedules of premiums and discounts on the basis of the classification information provided after delivery of the cotton to CCC; and, (ii) the collateral shall be delivered to CCC in the original bags with original bale identification as provided by the ginner.
- (5) **Settlement Charges.** If the producer forfeits outside-stored ELS cotton loan collateral to CCC in satisfaction of the amount due, the producer is liable, in addition to charges included in paragraph 4 of the Note and Security Agreement Terms and Condition (form CCC-601), for (i) expenses or charges associated with the storage of the cotton during the period of the loan, and (ii) charges levied by the warehouse associated with receiving, weighing, compression, issuance of an electronic warehouse receipt, other charges as may be levied by the warehouse specific to outside-stored cotton, and for classification services as required under paragraph (3) of this appendix.

**PART B – PRODUCER CERTIFICATION**

*I accept that the terms and conditions of this appendix apply to the cotton pledged as collateral for this loan. I certify that the cotton pledged as collateral for this loan is packaged in a hermetically sealed bag, packaged at a measured internal humidity level established by the gin as appropriate to safeguard cotton quality, using packaging materials that meet or exceed industry minimum standards. I further certify that the cotton pledged as collateral for this loan meets the quality requirements set forth at 7 CFR 1427.5(c), has not been ginned on a saw gin, is not represented by a warehouse receipt, and is not reginned, repacked, mixed ELS and upland cotton, or fire damaged or water damaged. I further certify that the storage area is suitable for cotton storage, is constructed to prevent water accumulation under the cotton and is serviced by bale handling and transport equipment that will not damage the sealed bag or degrade the drainage characteristics of the storage area.*

1A. Signature of Contact Producer	1B. Title/Relationship (of the individual signing in the Representative Capacity)	1C. Date
2A. Signature of Other Producer	2B. Title/Relationship (of the individual signing in the Representative Capacity)	2C. Date
3A. Signature of Other Producer	3B. Title/Relationship (of the individual signing in the Representative Capacity)	3C. Date

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